

**Department of Personnel Administration  
Memorandum**

**TO: Personnel Management Liaisons (PML)**

<b>SUBJECT:</b> Rural Health Care Equity Program Premium Reimbursement, and Changes to Reimbursements for Bargaining Unit 6 Employees in the RHCEP	<b>REFERENCE NUMBER:</b> 2004-070
<b>DATE ISSUED:</b> 12/14/04	<b>SUPERSEDES:</b>

This memorandum should be forwarded to:

**Accounting Officers  
Budget Officers  
Personnel Officers  
Personnel Transactions Supervisors**

**FROM:** Department of Personnel Administration  
Benefits Division

**CONTACT:** Belinda Collins, RHCEP Manager  
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Effective January 1, 2005, the amounts for the reimbursable portion of employees' health premiums under the Rural Health Care Equity Program (RHCEP) are as follows:

**2005**

1 Party - \$20.64    2 Party - \$40.47    3 Party - \$53.04

For information purposes, the 2004 reimbursements were:

**2004**

1 Party - \$39.29    2 Party - \$78.37    3 Party - \$100.69

These reimbursements are automatically issued to eligible employees, and no claim forms are required. Reimbursements for co-insurance and deductible expenses still require claim forms.

These payments are made in accordance with Government Code section 22877(f), which states that the RHCEP must "... *subsidize the preferred provider plan premiums for the employee, by an amount equal to the difference between the weighted average of board-approved health maintenance organization (HMO) premiums and the lowest board-approved preferred provider plan (PPO) premium ...*" Due to changes in HMO and PPO premium rates in January 2005, the RHCEP monthly premium reimbursements will change accordingly.

The RHCEP portion-of-premium reimbursements are issued monthly using a two-month lag. The new premium reimbursement calculation for the December 2004 pay period health deduction (issued January 1, 2005 for January 2005 coverage) will be included in the February 2005 pay period warrant (issued March 1, 2005). These rates will be in effect through the November 2005 pay period.

In order to effectively administer the premium reimbursements, it is critical that eligible employees have accurate, up-to-date address information on file, and that they report all health plan enrollment changes promptly to their personnel offices. It is also important that the Employee Action Request (EAR) and the Health Benefit Plan Enrollment Form (HBD 12) are current.

The maximum amount of reimbursable expenses for active employees participating in the RHCEP is determined through their collective bargaining agreement. All contracts (excluding Units 5 and 6) currently provide up to \$1500 per employee, per fiscal year. Premium reimbursements and claim reimbursements (consisting of co-insurance and deductible expenses) are included in the \$1500 annual allotment.

### ***Changes for Bargaining Unit 6 RHCEP Employees***

During recent contract negotiations Unit 6 agreed to a monthly stipend for rural members. This stipend goes into effect January 1, 2005. DPA will mail details of this change to eligible members in this Unit.

Questions regarding the portion of premium reimbursements should be directed to Larry Sanchez with the Department of Personnel Administration at (916)327-1439.

/s/ Debbie Endsley

Debbie Endsley, Chief  
Benefits Division